

Frankly A/S

Kronprinsessegade 54, 3., 1306 København K
CVR no. 29 20 67 75

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.03.25

Jesper Strøm Madsen
Dirigent

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The company

Frankly A/S
Kronprinsessegade 54, 3.
1306 København K
Registered office: København K
CVR no.: 29 20 67 75
Financial year: 01.01 - 31.12

Executive Board

Nicolai Brøndal Wichmann

Board of Directors

Eivind Drachmann Kolding, chairman
Chris Pedersen
Jesper Strøm Madsen
Klavs Valskov
Tine Thorman Kaspersen

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Frankly A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 19, 2025

Executive Board

Nicolai Brøndal Wichmann

Board of Directors

Eivind Drachmann Kolding
Chairman

Chris Pedersen

Jesper Strøm Madsen

Klavs Valskov

Tine Thorman Kaspersen

To the shareholder of Frankly A/S**Opinion**

We have audited the financial statements of Frankly A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Soeborg, Copenhagen, March 19, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Morten Clement Skov
State Authorised Public Accountant
MNE-no. mne35432

Torben Mortensen
Registered Public Accountant
MNE-no. mne18040

Primary activities

The object of the Company is to carry on commercial business and production, primarily related to internet and web-based activities, but also TV, video, film advertising, multimedia, music, and other related activities.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK 4,086,202 against DKK 1,886,357 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 10,026,388.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2024 DKK	2023 DKK
	Gross profit	39,672,893	39,197,811
1	Staff costs	-33,676,012	-35,744,304
	Profit before depreciation, amortisation, write-downs and impairment losses	5,996,881	3,453,507
2	Depreciation and impairments losses of property, plant and equipment	-1,029,061	-1,064,661
	Operating profit	4,967,820	2,388,846
	Income from equity investments in group enterprises	447,376	304,959
	Financial income	41,380	164,655
	Financial expenses	-291,299	-460,490
	Profit before tax	5,165,277	2,397,970
3	Tax on profit for the year	-1,079,075	-511,613
	Profit for the year	4,086,202	1,886,357

Proposed appropriation account

Reserve for net revaluation according to the equity method	447,376	209,446
Extraordinary dividend for the financial year	0	5,000,000
Proposed dividend for the financial year	4,000,000	0
Retained earnings	-361,174	-3,323,089
Total	4,086,202	1,886,357

Balance sheet

ASSETS		31.12.24	31.12.23
		DKK	DKK
Note			
	Leasehold improvements	2,285,546	2,945,412
	Other fixtures and fittings, tools and equipment	1,133,636	1,241,696
4	Total property, plant and equipment	3,419,182	4,187,108
5	Equity investments in group enterprises	1,100,678	648,031
6	Deposits	469,511	455,265
	Total investments	1,570,189	1,103,296
	Total non-current assets	4,989,371	5,290,404
7	Work in progress for third parties	1,906,426	893,561
	Trade receivables	11,779,733	8,281,721
	Receivables from group enterprises	0	10,110
	Income tax receivable	711,102	57,990
	Other receivables	136,240	94,196
	Prepayments	1,915,676	453,108
	Total receivables	16,449,177	9,790,686
	Cash	2,639,057	2,154,902
	Total current assets	19,088,234	11,945,588
	Total assets	24,077,605	17,235,992

EQUITY AND LIABILITIES

Note		31.12.24 DKK	31.12.23 DKK
	Contributed capital	576,000	576,000
	Reserve for net revaluation according to the equity method	1,007,392	554,745
	Retained earnings	4,442,996	4,804,170
	Proposed dividend for the financial year	4,000,000	0
	Total equity	10,026,388	5,934,915
	Provisions for deferred tax	966,536	456,359
	Total provisions	966,536	456,359
8	Other payables	1,264,923	1,364,217
	Total long-term payables	1,264,923	1,364,217
8	Short-term part of long-term payables	116,593	111,472
7	Prepayments received from work in progress for third parties	6,043,998	3,143,174
	Trade payables	2,340,829	857,316
	Payables to group enterprises	1,279,761	564,288
	Other payables	2,038,577	4,774,251
	Deferred income	0	30,000
	Total short-term payables	11,819,758	9,480,501
	Total payables	13,084,681	10,844,718
	Total equity and liabilities	24,077,605	17,235,992
9	Contingent liabilities		
10	Charges and security		

Statement of changes in equity

Figures in DKK	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	656,000	346,305	13,022,419	0	14,024,724
Foreign currency translation adjustment of foreign enterprises	0	-1,006	0	0	-1,006
Capital reduction	-80,000	0	80,000	0	0
Purchase of treasury shares	0	0	-4,975,160	0	-4,975,160
Extraordinary dividend paid	0	0	-5,000,000	0	-5,000,000
Net profit/loss for the year	0	209,446	1,676,911	0	1,886,357
Balance as at 31.12.23	576,000	554,745	4,804,170	0	5,934,915
Statement of changes in equity for 01.01.24 - 31.12.24					
Balance as at 01.01.24	576,000	554,745	4,804,170	0	5,934,915
Foreign currency translation adjustment of foreign enterprises	0	5,271	0	0	5,271
Net profit/loss for the year	0	447,376	-361,174	4,000,000	4,086,202
Balance as at 31.12.24	576,000	1,007,392	4,442,996	4,000,000	10,026,388

	2024	2023
	DKK	DKK

1. Staff costs

Wages and salaries	29,763,092	30,883,341
Pensions	1,381,619	1,456,553
Other social security costs	399,194	369,590
Other staff costs	2,132,107	3,034,820
Total	33,676,012	35,744,304
Average number of employees during the year	46	53

2. Depreciation and impairments losses of property, plant and equipment

Depreciation of property, plant and equipment	1,029,061	1,064,661
Total	1,029,061	1,064,661

3. Tax on profit for the year

Current tax for the year	568,898	318,010
Adjustment of deferred tax for the year	510,177	194,891
Adjustment of tax in respect of previous years	0	-1,288
Total	1,079,075	511,613

4. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	4,198,879	4,229,292
Additions during the year	0	261,130
Disposals during the year	-564,267	-756,540
Cost as at 31.12.24	3,634,612	3,733,882
Depreciation and impairment losses as at 01.01.24	-1,555,936	-2,685,127
Depreciation during the year	-357,399	-671,661
Reversal of depreciation of and impairment losses on disposed assets	564,269	756,540
Transfers during the year to/from other items	0	2
Depreciation and impairment losses as at 31.12.24	-1,349,066	-2,600,246
Carrying amount as at 31.12.24	2,285,546	1,133,636

5. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.24	93,286
Cost as at 31.12.24	93,286
Revaluations as at 01.01.24	554,745
Foreign currency translation adjustment of foreign enterprises	5,271
Net profit/loss from equity investments	447,376
Revaluations as at 31.12.24	1,007,392
Carrying amount as at 31.12.24	1,100,678

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Associates:			
Frankly Italy S.R.L., Italy	100%	301,518	67,392
Frankly Lithuania UAB, Lithuania	100%	693,062	319,532
Frankly US Inc., USA	100%	106,098	60,452

6. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.24	455,265
Additions during the year	14,246
Cost as at 31.12.24	469,511
Carrying amount as at 31.12.24	469,511

	31.12.24 DKK	31.12.23 DKK
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7. Work in progress for third parties

Work in progress for third parties	59,566,991	54,611,457
On-account invoicing	-63,704,563	-56,861,070
Total work in progress for third parties	-4,137,572	-2,249,613
Work in progress for third parties	1,906,426	893,561
Prepayments received from work in progress for third parties, short-term payables	-6,043,998	-3,143,174
Total	-4,137,572	-2,249,613

8. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Other payables	116,593	121,169	1,381,516	1,475,689
Total	116,593	121,169	1,381,516	1,475,689

9. Contingent liabilities

Lease commitments

The company has entered into lease agreements with payment in the coming year for total leasing services of DKK 865.380.

10. Charges and security

Assets charged and collateral- Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Debt to other credit institutions are secured by way of a deposited mortgage deed registered to the mortgagor on Inventories, trade receivables, goodwill, other intangible fixed assets and other fixtures and fittings, tools and equipment of T.DKK 5,000 nominal.

The carrying amount of trade receivables is T.DKK 11.780

The carrying amount of other fixtures and fittings, tools and equipment is T.DKK 1.134

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates.

11. Accounting policies - continued -

The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

11. Accounting policies - continued -**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Leasehold improvements	10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

11. Accounting policies - continued -**Income from equity investments in group enterprises and associates**

For equity investments in equity investments in subsidiaries and associates, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

11. Accounting policies - continued -

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises and associates*Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of the parent, stated in the other sections.

11. Accounting policies - continued -*Gains or losses on disposal of equity investments*

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

11. Accounting policies - continued -**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

11. Accounting policies - continued -**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.